

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1702 Session of
2021

INTRODUCED BY FREEMAN, MOUL, SCHLOSSBERG, KIM, HILL-EVANS,
LONGIETTI, SCHWEYER, HARKINS, CIRESI, HERRIN, SAINATO,
MCNEILL, WEBSTER, BOYLE, SAMUELSON, MADDEN, MERSKI, VITALI,
INNAMORATO, BURGOS, KINKEAD AND STURLA, JUNE 24, 2021

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, JUNE 24, 2021

AN ACT

1 Providing for an annual revenue sharing program for
2 municipalities relating to tax-exempt real property;
3 establishing the Tax-exempt Property Municipal Assistance
4 Fund; imposing powers and duties on the Department of
5 Community and Economic Development; and making an
6 inconsistent repeal.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Short title.

10 This act shall be known and may be cited as the Tax-exempt
11 Property Municipal Assistance Act.

12 Section 2. Definitions.

13 The following words and phrases when used in this act shall
14 have the meanings given to them in this section unless the
15 context clearly indicates otherwise:

16 "Common level ratio." The ratio of assessed value to current
17 market value used generally in the county as last determined by
18 the State Tax Equalization Board under the act of June 27, 1996
19 (P.L.403, No.58), known as the Community and Economic

1 Development Enhancement Act.

2 "Department." The Department of Community and Economic
3 Development of the Commonwealth.

4 "Eligible municipality." A municipality that imposes a tax
5 on real property determined eligible under section 6(a).

6 "Fund." The Tax-exempt Property Municipal Assistance Fund
7 established under section 4.

8 "Liquor tax." The tax imposed and assessed upon the net
9 price of all liquors sold by the Pennsylvania Liquor Control
10 Board under the act of June 9, 1936 (1st Sp.Sess., P.L.13,
11 No.4), entitled "An act imposing an emergency State tax on
12 liquor, as herein defined, sold by the Pennsylvania Liquor
13 Control Board; providing for the collection and payment of such
14 tax; and imposing duties upon the Department of Revenue and the
15 Pennsylvania Liquor Control Board."

16 "Market value." The value of property as calculated by the
17 State Tax Equalization Board on an annual basis utilizing the
18 common level ratio.

19 "Market value of tax-exempt property." The quotient of the
20 base year market value of a property and the common level ratio
21 as calculated by the State Tax Equalization Board.

22 "Municipality." Any of the following:

23 (1) A city, borough, incorporated town or township.

24 (2) A home rule municipality which is a city, borough,
25 incorporated town or township.

26 "Qualified tax-exempt property." Real property which is
27 exempt from local real property taxes and which is owned by one
28 of the following:

29 (1) The Federal Government or an instrumentality of the
30 Federal Government.

1 (2) The Commonwealth or an instrumentality of the
2 Commonwealth.

3 (3) A political subdivision, except real property owned
4 by the municipality in which the property is located.

5 (4) An entity which has obtained the exemption from real
6 property taxation under the authority granted to the General
7 Assembly under section 2(a)(i), (ii), (iv) or (v) of Article
8 VIII of the Constitution of Pennsylvania.

9 (5) A local authority as defined in 1 Pa.C.S. § 1991
10 (relating to definitions).

11 Section 3. Tax-exempt property compilation.

12 (a) Compilation.--Each county shall annually compile a list
13 identifying the market value of tax-exempt property within the
14 county.

15 (b) Annual report.--Beginning in calendar year 2020, each
16 county assessment office shall submit to the department an
17 annual report providing the information required in subsection
18 (c) and any additional information required by the department to
19 administer this act. The report shall be filed by June 30.

20 (c) Contents.--The report required under subsection (b)
21 shall be a compilation of all property located within the county
22 which is exempt from real property tax as of January 1 in the
23 year the report is required to be filed. The report shall
24 contain the following:

25 (1) The owner of each tax-exempt property.

26 (2) The location of the property, including mailing
27 address, name of the municipality where the property is
28 located and the uniform parcel identifier.

29 (3) The assessed value of the property.

30 (4) Payments in lieu of tax or other funding received

1 under a Federal or State program based on the tax-exempt
2 status of the property. The amounts of the payments shall be
3 reported by the municipality to the county assessment office.
4 If the municipality fails to timely report this information
5 to the county assessment office, the county is not required
6 to include the information in the report, and the
7 municipality shall report the information directly to the
8 department.

9 (5) The millage rate for the tax on real property in
10 effect in the municipality where the property is located as
11 of January 1 of the year in which the report is required to
12 be filed.

13 (6) The assessed value of all property in each
14 municipality in the county.

15 (7) The market value of all property in each
16 municipality in the county.

17 (d) Failure to file reports.--Notwithstanding any other
18 provision of this act, a county which fails to provide to the
19 department the report required under this section by July 31
20 shall cause all municipalities within that county to forfeit the
21 right to share in the distribution of funding for the year in
22 which the information was required to be reported. A
23 municipality located within a county that has failed to provide
24 the department with the required report shall have the right to
25 petition the court of common pleas to issue a writ of mandamus
26 ordering the county to collect the data and file the report with
27 the department.

28 Section 4. Tax-exempt Property Municipal Assistance Fund.

29 (a) Establishment.--The Tax-exempt Property Municipal
30 Assistance Fund is established in the State Treasury. The money

1 deposited in the fund shall be used exclusively for the purpose
2 of making annual distributions to eligible municipalities under
3 section 6.

4 (b) Funds for revenue sharing program.--All revenues
5 received by the Commonwealth from imposition of the liquor tax
6 shall be transferred to the fund. All funds transferred under
7 this subsection shall be distributed as provided in section 6.

8 (c) Timing of transfers.--Revenue required to be transferred
9 under this section shall be transferred by the State Treasurer
10 in five equal installments before the last day of February,
11 March, April, May and June of each fiscal year in which a
12 transfer is required.

13 (d) Appropriation.--Money in the fund is appropriated on a
14 continuing basis to the department for purposes of making
15 distributions under this act and shall not lapse at the end of
16 any fiscal year.

17 Section 5. Funds available for distribution.

18 Money in the fund at the end of a fiscal year shall be
19 distributed by the department by September 15 of the following
20 fiscal year in which they were collected in the manner required
21 under section 6.

22 Section 6. Tax-exempt properties assistance.

23 (a) Eligibility.--A municipality is eligible to receive
24 distributions under this section if it is determined by the
25 department that the municipality's total market value of tax-
26 exempt property equals or exceeds 15% of the total market value
27 of assessed property within the municipality.

28 (b) Revenue.--The department shall annually distribute funds
29 available under section 5 to each eligible municipality based
30 upon the following:

1 (1) Each municipality's total market value of qualified
2 tax-exempt properties shall be divided by the total market
3 value of qualified tax-exempt property in all eligible
4 municipalities with the quotient expressed as a percentage.

5 (2) The percentage under paragraph (1) shall be
6 multiplied by the funds available to determine the payment
7 due to each municipality.

8 (3) No municipality shall receive more than 10% of the
9 funds available. The following apply:

10 (i) Subject to subparagraph (ii), if a
11 municipality's allocation as calculated exceeds the 10%
12 limit, the municipality shall receive 10% of the funds
13 available.

14 (ii) If it is determined that more than one
15 municipality's allocation as calculated exceeds the 10%
16 limit, the allocation to each municipality subject to the
17 limit shall be calculated against the total amount of
18 money in the fund at the end of the fiscal year.

19 (iii) For the remaining municipalities, the
20 department shall recalculate the payment amounts using
21 the formula in paragraphs (1) and (2), except that the
22 recalculation shall exclude:

23 (A) a municipality whose allocation exceeds the
24 10% limit; and

25 (B) the amount equivalent to the municipality's
26 10% allocation.

27 (4) No municipality shall receive an amount exceeding
28 \$100 per person based upon the population of the municipality
29 as of the last Federal decennial census. The following apply:

30 (i) If it is determined that a municipality's

1 allocation exceeds the per-person limit, the municipality
2 shall receive a \$100 per-person allocation from the funds
3 available.

4 (ii) If it is determined that more than one
5 municipality's allocation as calculated exceeds the \$100
6 per-person limit, the allocation to each municipality
7 subject to the per-person limit shall be calculated
8 against the total amount of money in the fund at the end
9 of the fiscal year.

10 (iii) For the remaining municipalities, the
11 department shall recalculate the payment amounts using
12 the formula in paragraphs (1) and (2), except that the
13 recalculation shall exclude:

14 (A) a municipality whose allocation exceeds the
15 \$100 per-person limit; and

16 (B) the amount equivalent to the municipality's
17 \$100 per-person limit.

18 (5) If the total allocations as calculated result in
19 \$1,000,000 or less remaining in the fund, the money shall be
20 retained in the fund for allocation in the next fiscal year.

21 (6) If the total allocations as calculated result in
22 more than \$1,000,000 remaining in the fund, the department
23 shall recalculate the allocation amounts for the remaining
24 eligible municipalities that are not subject to an allocation
25 limitation under this subsection. The department shall use
26 the formula under this subsection, except that the
27 recalculation shall exclude a municipality subject to an
28 allocation limitation and the amount equivalent to the
29 municipality's limited allocation. If the recalculation
30 results in money remaining in the fund, the money shall be

1 retained in the fund for allocation in the next fiscal year.

2 (7) The amount of any payment under section 3(c)(4)
3 shall be deducted from the final payment to a municipality,
4 and the money deducted shall be returned to the department
5 and deposited into the fund for disbursement in the next
6 fiscal year. If a municipality receives a payment from a
7 government agency under section 3(c)(4) after it receives a
8 payment under this section, the municipality shall reimburse
9 the fund the amount of the payment made under this section.
10 In no case shall a municipality receive a payment under this
11 act and a payment from a government agency for the same
12 parcel of tax-exempt property in the same fiscal year.

13 Section 7. Regulations.

14 Within 180 days after the effective date of this section, the
15 department shall develop written guidelines for the
16 implementation of the provisions of this act. The department
17 shall submit the guidelines to the Local Government Committee of
18 the Senate and the Local Government Committee of the House of
19 Representatives upon completion.

20 Section 8. Repeal.

21 Section 2 of the act of June 9, 1936 (1st Sp.Sess., P.L.13,
22 No.4) is repealed insofar as it requires funds to be credited to
23 the General Fund.

24 Section 9. Effective date.

25 This act shall take effect in 60 days.